

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
MORGAN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
MORGAN COUNTY, INDIANA  
January 1, 2008 to December 31, 2009



**FILED**  
01/04/2011



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances .....	4
Notes to Financial Information .....	5
Examination Results and Comments:	
Official Bond .....	6
Penalties, Interest, and Other Charges .....	6
Sales Tax.....	6
Optical Images of Warrants .....	6-7
Errors on Claims .....	7
Exit Conference.....	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Board	Warren Waymire	01-01-08 to 12-31-08
	Doug Johnstone	01-01-09 to 12-31-09
	John Zupancic	01-01-10 to 12-31-10
Treasurer	June Snyder	01-01-08 to 12-31-09
	Vacant	01-01-10 to 01-19-10
	Brenda Hendrix	01-20-10 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE MORGAN COUNTY SOIL AND WATER  
CONSERVATION DISTRICT, MORGAN COUNTY, INDIANA

We have examined the financial information presented herein of the Morgan County Soil and Water Conservation District (District), for the period of January 1, 2008 to December 31, 2009. The District's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the District for the years ended December 31, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

October 19, 2010

MORGAN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2008 And 2009

	<u>Cash and Investments 01-01-08</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-08</u>
General	\$ 39,655	\$ 43,721	\$ 45,047	\$ 38,329
Solid Waste	<u>-</u>	<u>37,230</u>	<u>15,802</u>	<u>21,428</u>
Total	<u>\$ 39,655</u>	<u>\$ 80,951</u>	<u>\$ 60,849</u>	<u>\$ 59,757</u>
	<u>Cash and Investments 01-01-09</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-09</u>
General	\$ 38,329	\$ 37,660	\$ 41,652	\$ 34,337
Solid Waste	<u>21,428</u>	<u>1,000</u>	<u>4,633</u>	<u>17,795</u>
Total	<u>\$ 59,757</u>	<u>\$ 38,660</u>	<u>\$ 46,285</u>	<u>\$ 52,132</u>

The accompanying notes are an integral part of the financial information.

MORGAN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides general administrative services.

Note 2. Fund Accounting

The District uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level.

Note 4. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the District to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

MORGAN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The former Treasurer, June Snyder, did not have official bond coverage for the period from September 1, 2008 to December 31, 2009, was not purchased.

IC 14-32-4-22 states in part: "The supervisors of a district shall do the following: (1) Provide for the execution of surety bonds for all district employees and officers with money or property."

PENALTIES, INTEREST, AND OTHER CHARGES

Finance charges of \$14.09 were paid to VISA in 2009.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

SALES TAX

Sales tax was paid on some purchases.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

OPTICAL IMAGES OF WARRANTS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

IC 5-15-6-3(a) concerning optical imaging of checks states, in part:

" . . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

MORGAN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Further, IC 26-2-8-111(a) and (e) state:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period:

- (1) Numerous claims were not certified by the Treasurer.
- (2) Numerous claims did not have board approval.
- (3) Claims or invoices did not have evidence to support receipt of goods or services.

IC 5-11-10-1.6(c) states:

"The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: (1) there is a fully itemized invoice or bill for the claim; (2) the invoice or bill is approved by the officer or person receiving the goods and services; (3) the invoice or bill is filed with the governmental entity's fiscal officer; (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

MORGAN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on October 19, 2010, with John Zupancic, President of the Board of Supervisors. The official concurred with our findings.

The contents of this report were discussed on October 19, 2010, with Brenda Hendrix, Treasurer.